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January 19, 2006

2006-34-C

Mr. Charles L. A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
Synergy Business Park, The Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

Re: PBT Telecom, Inc. Alternative Regulation Plan Pursuant to S.C. Code Ann. § 58-9-576

Dear Mr. Terreni:

Enclosed for filing on behalf of PBT Telecom, Inc. ("PBT"), please find an original and ten (10) copies of an Alternative Regulation Plan.

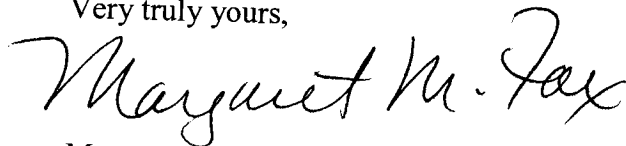
On January 18, 2006, the Commission approved a local interconnection agreement between PBT and MCImetro Access Transmission Services, LLC ("MCI"). Pursuant to S.C. Code Ann. § 58-9-576(A), any LEC may elect the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B) if the Commission has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. As the Commission is aware, MCI and PBT are not affiliated.

Therefore, having met the statutory requirement for election of alternative regulation, PBT hereby elects to have its rates, terms and conditions determined pursuant to the plan described in S.C. Code Ann. § 58-9-576(B), as set forth in the attached Alternative Regulation Plan, effective February 18, 2006.

Please clock in a copy of this filing and return it with our courier.

Thank you for your assistance.

Very truly yours,



Margaret M. Fox

Enclosures

cc: C. Dukes Scott, Esquire  
L. B. Spearman

**PBT TELECOM, INC.  
ALTERNATIVE REGULATION PLAN  
PURSUANT TO S.C. CODE ANN. § 58-9-576**

Filed January 19, 2006  
Effective February 18, 2006

1. Introduction

Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Public Service Commission of South Carolina ("Commission") has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. The Commission has approved such an agreement for PBT Telecom, Inc. ("PBT"), and PBT hereby elects to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described herein (the "Plan"), which conforms with the plan described in S.C. Code Ann. § 58-9-576(B).

In its regular agenda session on January 18, 2006, the Commission approved an interconnection agreement between PBT and MCImetro Access Transmission Services, LLC ("MCI"). MCI is not affiliated with PBT.

The Plan described herein is in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation.

2. Effective Date

The effective date of the Plan is February 18, 2006, which is not sooner than thirty days after filing with the Commission notice of election of the Plan. The Plan will apply to all local services offered by PBT that are regulated by the Commission.

3. The Plan

- a. As of January 19, 2006, the date of notice of election of the Plan, existing rates, terms, and conditions for the services provided by PBT contained in PBT's then-existing tariffs and contracts are considered just and reasonable.
- b. PBT is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3). S.C. Code Ann. § 58-9-10(14) defines "small LEC" to mean a "rural telephone company" as defined in the federal Telecommunications Act of 1996.
- c. Although PBT is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3), PBT's flat-rated local exchange services for residential and single-line business customers are currently priced at the statewide average local service rates for those services, weighted

by number of access lines, as shown in PBT's local service tariff on file with the Commission. Therefore, the requirements of S.C. Code Ann. § 58-9-576(B)(3) and (4) are not waived for PBT, and PBT's residential and single-line business rates shall be frozen for a period of two years from the date of election of this Alternative Regulation Plan and, after the expiration of the two-year period, may be adjusted on an annual basis pursuant to an inflation-based index.

- d. PBT will set rates for all other services on a basis that does not unreasonably discriminate between similarly situated customers. All such rates are subject to a complaint process for abuse of market position in accordance with Commission rules and procedures.
- e. Except when exempted by law, PBT will file tariffs for price changes or new services with respect to its local exchange services (including residential and single-line business services) that set out the terms and conditions of the services and the rates for such services. Tariffs will be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases and new services.
- f. As provided for in S.C. Code Ann. § 58-9-576(B), the Plan applies in lieu of rate of return or rate base regulation. Thus, the procedures set forth above for changes in rates are to be used in lieu of traditional rate-of-return procedures for determining rates, terms, and conditions for service, as found in S.C. Code Ann. §§ 58-9-510 through -570 and in 26 Code Ann. Regs. 103-834(A)(3).